Efficiency test for medical practitioners

*194. SHRI PRAMOD MAHAJAN:
SHRI DATTA MEGHE:

Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether it is a fact that Government are planning to make renewal of Medical Practitioners (Doctors) mandatory after specific time intervels;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF HEALTH AND FAMILY WELFARE (DR. ANBUMANI RAMDOSS): (a) to (c) The matter of re-registration of Medical Practitioners after a certain number of years is under consideration. Government is also considering linking renewal of registration of Medical Pratitioners with Continuing Medical Education (CME). Recently national consultations were held with representatives of various professional bodies regarding continuing medical education.

Increase in drug prices

†*195. SHRI RAM JETHMALANI:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the selling price of medicines for consumers in the country has increased as a result of Government taxes, dividend of manufacturer and commission for distribution;

(b) if so, the reaction of Government in this regard; and

(c) the estimated difference between production cost of medicine and consumer selling price in the country on an average?

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†Original notice of the question was received in Hindi.

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) Presently 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. These drugs have been identified for inclusion under price control in the DPCO, 95 on the basis of criteria mentioned in the 'Modifications in Drug Policy, 1986', announced in September, 1994. These criteria take into account the extent of usage and the market competition in various drugs. While calculating the prices of Scheduled formulations manufactured indigenously, Maximum Allowable Post Manufacturing Expenses (MAPE) is allowed @ 100% on ex-factory cost and in the case of imported Scheduled formulations MAPE is allowed upto 50% of the landed cost.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. Due to these factors there is a wide variation between the production cost and selling price of these medicines. The Government takes corrective measures where the public interest is found to be adversely affected.

In accordance with Notification No. 2/2005-Central Excise (NT.) dated the 7th January, 2005 read with Notification No. 4/2005-Central Excise (NT.) dated the 23rd February, 2005 of Department of Revenue, Ministry of Finance, excise duty is being levied, wherever chargeable, on the basis of retail price of medicines after granting an abatement of 40% of retail price. Retail price based levy of excise duty is to facilitate assessment and provides uniformity. The change in the mode of assessment of excise duty on drugs is not expected to have a major impact on the retail prices of drugs and medicines.

As regards VAT, it may be mentioned after implementaton of VAT *w.e.f.* 01.04.2005 the retail prices of most of the medicines are expected to come down because the rate of VAT is 4% only throughout the country where VAT is implemented as compared to sales tax rate which was earlier varying from 8% to 13% in different States. However, the retail prices of medicines may not come down due to VAT in those States

where VAT has not been implemented and the existing rate of sales tax is being followed. Further in some, States, certain drugs were exempted from sales tax and now the VAT is levied on them @4%, in these cases the prices will go up.

Under the provisions of DPCO, 1995, the trade margin to retailer in respect of Scheduled formulations is fixed at 16%. Thers is no such stipulation in respect of margin to wholesaler for Scheduled formulations and margin to wholesaler and retailer in respect of non-Scheduled formulation.

A Committee under the Chairmanship of Joint Secretary (PI) was constituted to examine the span of price control (including trade margin) in the light of National Common Minimum Programme and the observations of the Supreme Court in SLP No. 3668/2003 and to suggest measures for fulfilling the objective of National Common Minimum Programme to ensure the availability of life saving drugs at reasonable prices. This Committee has submitted its interim report to the Government. The Committee has recommended, *inter-alia,* intensive monitoring on the prices of all those drugs out of the selected basket (National List of Essential Medicines, 2003) which are not under price control, ceilings on trade margins of drugs, a system of price negotiations for the new patented drugs, special schemes for people below poverty line, introduction of Rajasthan Model of Life Line Fluid Stores (hospital pharmacy stores run by Medicare Societies) for bulk purchase of drugs directly from manufacturer and selling them at reduced prices, compounding of offences under the Essential Commodities Act, establishment of DPCO cells in all States on the model of Karnataka etc., efforts to increase public awareness, wide publicity to policies and decisions of the Government and NPPA etc. Follow up action has been initiated on the recommendations made by the Committee in its interim report.

A Task Force has also been constituted under the Chairmanship of the Principal Adviser (PP), Planning Commission to explore various options other than price control for achieving the objective of making available life saving drugs at reasonable prices.